

Message Text

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TAGS: PBOR, PDIP, EGEN, ENRG, MX

SUBJECT: ROEL CONVERSATIONS WITH SECRETARY VANCE AND LABOR
SECRETARY MARSHALL.

1. SECRETARY, ACCOMPANIED BY ACTING ASSISTANT SECRETARY
STEDMAN, MET DECEMBER 21 WITH FOREIGN SECRETARY ROEL, PEMEX
DIR GEN DIAZ SERRANO, AND MARCELA IBANEZ, ADVISOR TO
PRESIDENT LOPEZ-PORTILLO.

2. IN DISCUSSIONS OF GAS PRICE ISSUE, DURING WHICH TEAM
OF MEXICAN ENERGY SPECIALISTS JOINED TALKS, ROEL REITERATED
GOM PLANNED TO BUILD PIPELINE ONLY AS FAR AS MONTERREY
UNLESS USG APPROVES 2.60 PRICE. ROEL SAID GAS MUST EITHER
BE FLARED, SOLD TO US, OR USED BY MEXICO INTERNALLY IN
PLACE OF FUEL OIL. DIAZ SERRANO ADDED THAT IF NO AGREEMENT
WAS REACHED AND MEXICO FOUND IT NECESSARY TO USE GAS IN ITS
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INDUSTRIES, THAT ORIENTATION WOULD BE DIFFICULT TO CHANGE
IN THE FUTURE. DIAZ SERRANO ALSO MADE POINT THAT PROPOSED
2.60 PRICE BASED ON THERMAL EQUIVALENT OF FUEL OIL AT TIME
CONTRACTS WERE CONCLUDED, ADDING THAT MEXICO IS STILL
ASKING THAT PRICE EVEN THOUGH PRICE OF OIL HAS SINCE RISEN
TO EQUIVALENT OF 2.76 PER 1000 CUBIC FEET.

3. ON AUTOMOTIVE DECREE, SECRETARY VANCE SAID THAT IT CREATES NEGATIVE INVESTMENT CLIMATE AND COULD STIMULATE CONGRESSIONAL OPPOSITION. NOTING THAT HE HAD DISCUSSED DECREE WITH AMBASSADOR LUCEY AND ED MOLINA OF FORD, ROEL COMMENTED THAT AT ONE POINT COMPANIES HAD AGREED WITH THE DECREE. HE SAID THAT FURTHER MEETINGS WITH THE INDUSTRY ARE PLANNED AND THAT HE WOULD GIVE FOLLOW UP REPORT TO SECRETARY NEXT MONTH.

4. FOLLOWING SECRETARY'S EXPRESSION OF INTEREST IN ANOTHER FORMAL SESSION OF THE CONSULTATIVE MECHANISM, WITH POSSIBILITY OF JOINT REPORT TO THE TWO PRESIDENTS, ROEL SUGGESTED HE VISIT MEXICO, POSSIBLY IN FEBRUARY. SECRETARY VANCE SUBSEQUENTLY INDICATED HE WOULD LIKE TO PLAN FOR VISIT IN SECOND HALF OF FEBRUARY.

5. ROEL CONFIRMED THAT GOM WAS PREPARING PROPOSALS DEALING WITH JURIDICAL, POLITICAL AND ECONOMIC IMPLICATIONS OF THE U.S. UNDOCUMENTED WORKERS PROGRAM. ROEL SAID THESE COULD BE COMPLETED BY EARLY JANUARY AND HOPED THAT CONGRESS WOULD NOT COMPLETE ACTION BEFORE THAT TIME. HE AGAIN EXPRESSED HOPE THAT THAT U.S. PROGRAM WOULD NOT OVEREMPHASIZE LAW ENFORCEMENT ASPECTS OF PROBLEM.

6. REVIEWING HIS RECENT CONVERSATIONS WITH UK UNDER SECRETARY ROWLANDS ON BELIZE, ROEL RECALLED THE UN RESOLUTION

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TION, SUPPORTED BY 126 COUNTRIES, UPHOLDING THE PRINCIPLE OF TERRITORIAL INTEGRITY -- A PRINCIPLE THAT WOULD BE IMPAIRED IF BELIZE RELINQUISHED 400 SQUARE MILES OF TERRITORY. THE SECRETARY SAID THAT THE UK, BELIZE AND GUATEMALA SHOULD DECIDE ON THE BEST WAY OF RESOLVING THIS PROBLEM, EVEN IF TERRITORIAL CESSION IS INVOLVED. ROEL REMINDED HIM OF MEXICO'S TERRITORIAL INTERESTS. THE SECRETARY HOPED THAT MEXICO WOULD NOT INSIST ON ITS TERRITORIAL CLAIMS. AFTER FURTHER DISCUSSION ROEL ACKNOWLEDGED MEXICO COULD AGREE TO ACCEPT AN ARRANGEMENT ACCEPTABLE TO BELIZE, BUT HE FELT THAT MEXICO'S PRESENCE AT THE FINAL STAGE OF SETTLEMENT WOULD BE NECESSARY AS MEXICO ALSO IS A CONCERNED PARTY.

7. ROEL REQUESTED US HELP ON THE PROPOSED CONCORDE FLIGHTS FROM EUROPE TO MEXICO VIA THE US, WHICH HE HOPED COULD BEGIN IN APRIL. THE SECRETARY SAID HE WOULD REFER IT TO DOT. ROEL ALSO ASKED WHETHER THE US WOULD OBJECT TO A SWAP ARRANGEMENT WHEREBY MEXICO WOULD BE CREDITED FOR SOVIET OIL SUPPLIED TO SCANDINAVIAN COUNTRIES AND IN RETURN WOULD SUPPLY OIL TO CUBA, WHICH WOULD THEN CREDIT THE USSR. (THE ARRANGEMENT WOULD SAVE TRANSPORTATION

COSTS.) THE SECRETARY SAID HE WOULD GIVE HIM US VIEWS AFTER CHECKING.

8. ON OTHER MISCELLANEOUS CONCERNS, ROEL EXPRESSED HOPE THAT, FOR POLITICAL REASONS, RIOS CAMARENA COULD BE EXTRADITED IMMEDIATELY. DISCUSSING THE IMPLEMENTATION OF THE PRISONER EXCHANGE, BOTH SECRETARIES AGREED THAT THE TWO GOVERNMENTS SHOULD NOT DO ANYTHING ABOUT THE UNFAVORABLE COMMENTS OF THE RELEASED PRISONERS ON JAIL CONDITIONS IN THE TWO COUNTRIES. ROEL ALSO ALLUDED TO THE CONCERN AMONG MEXICAN CATTLEMEN OVER THE TEXAS REGULATION THAT CATTLE OF MEXICAN ORIGIN BE BRANDED WITH AN "M" (A REQUIREMENT THAT MEXICO CONSIDERS A NON-TARIFF BARRIER).

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9. THE TWO SECRETARIES ALSO BRIEFLY REVIEWED SEVERAL CURRENT INTERNATIONAL AND MULTILATERAL ISSUES: THE MIDDLE EAST, PANAMA, THE NORTH-SOUTH DIALOGUE, SITE OF OASGA (STATE 304602), AND THE US WITHDRAWAL FROM ILO. THEY CONCLUDED THAT THE SESSION HAD BEEN PRODUCTIVE, AND LOOKED FORWARD TO MEETING AGAIN IN FEBRUARY.

10. IN SUBSEQUENT 25-MINUTE CONVERSATION WITH LABOR SECRETARY MARSHALL, ROEL, ACCOMPANIED BY DIAZ SERRANO, IBANEZ, AND ATTORNEY LEE FENTRESS, REITERATED NOW FAMILIAR POINTS IN MEXICAN POSITION ON US PROPOSALS ON UNDOCUMENTED WORKERS. HE SAID US PROGRAM WAS NOT ACTION OF A FRIENDLY NEIGHBOR, IS UNILATERAL AND EXCESSIVELY RELIANT ON POLICE MEASURES. HE DOUBTED THAT INCREASED BORDER ENFORCEMENT WOULD HELP AND SAW TEMPORARY RESIDENT PROVISION AS UNSATISFACTORY BECAUSE IT CREATES SECOND-CLASS RESIDENT STATUS AND BECAUSE IT FAILS TO ALLOW FOR MIGRATORY NATURE OF MOST MEXICAN ILLEGALS. ROEL AGAIN SAID MEXICO WILL PRESENT COUNTERPROPOSAL AND MADE SPECIAL REFERENCE TO NEED FOR COOPERATION ON TEMPORARY WORKERS, SINCE THEY SERVE NEEDS OF BOTH COUNTRIES. ROEL AGAIN MADE CLAIM THAT ILLEGALS IN US TAKE JOBS AMERICAN WORKERS WON'T ACCEPT. DURING TALKS ROEL ALSO NOTED THAT ONE OF BENEFITS FOR US OF RESOLUTION OF GAS PRICE ISSUE WOULD BE CREATION OF AS MANY AS 40 TO 50 THOUSAND JOBS IN US. SECRETARY MARSHALL TOOK NOTE OF IMPORTANCE OF CONTROLLING SUPPLY SIDE OF UNEMPLOYMENT EQUATION, ADDING THAT ILLEGAL IMMIGRATION WAS SIGNIFICANT FACTOR THERE. HE NOTED THAT GOOD US PERFORMANCE IN JOB CREATION IN PAST YEAR HAD HAD ONLY MODEST EFFECT ON OVERALL UNEMPLOYMENT RATE IN PART BECAUSE OF UNCONTROLLED INFLUX OF ILLEGALS INTO LABOR MARKET. CHRISTOPHER

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